

Multiple Agency Fiscal Note Summary

Bill Number: 2481 HB	Title: PEBB/month of death
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Department of Retirement Systems	.0	0	0	0	.0	0	0	0	.0	0	0	0
Actuarial Fiscal Note - State Actuary	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Department of Retirement Systems	.0	0	0	.0	0	0	.0	0	0
Actuarial Fiscal Note - State Actuary	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Prepared by: Marcus Ehrlander, OFM

Phone:
(360) 489-4327

Date Published:
Final 2/ 1/2024

Individual State Agency Fiscal Note

Bill Number: 2481 HB	Title: PEBB/month of death	Agency: 107-Washington State Health Care Authority
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: David Pringle	Phone: 360-786-7310	Date: 01/29/2024
Agency Preparation: Izzy Uong	Phone: (360) 725-2113	Date: 01/31/2024
Agency Approval: Tanya Deuel	Phone: 360-725-0908	Date: 01/31/2024
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 02/01/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

See attached narrative.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

See attached narrative.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

See attached narrative.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

See attached narrative.

HCA Fiscal Note

Bill Number: **HB 2481**
premiums in **PEBB**

HCA Request #: 24-109

Title: **Waiving health benefit**

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

HCA Fiscal Note

Bill Number: **HB 2481**
premiums in PEBB

HCA Request #: 24-109

Title: **Waiving health benefit**

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1 (5) amends RCW 41.05.080, Participation in insurance plans and contracts—Retired, disabled, or separated employees—Certain surviving spouses, state registered domestic partners, and dependent children, where upon the death of a retiree, disabled, or separated employee covered by the Public Employees Benefit Board (PEBB), would have the medical, dental, or vision premiums and surcharges waived on the month of death. And will also enroll eligible surviving dependents in the same medical, dental, or vision plan effective on the first day of the month the death occurred. Those dependents will be responsible for the payment of premiums and surcharges.

II. B - Cash Receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Indeterminate Cash Receipts Impact

Based on enrollment data from 2021 through 2023, the annual average number of deaths for retirees covered by PEBB Medical is approximately 3,000. This figure encompasses both Medicare and non-Medicare retirees. If retiree premiums are waived for the month of the subscriber's death, the state is estimated to experience a reduction in revenue of approximately \$1.5 million per year. It's unknown the actual number of retirees whose premium would be waived, and which exact medical, dental, and vision plans these retirees would be enrolled in. Therefore, it is unknown what the actual loss of revenue per year will be.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Public Employee Benefits Board (PEBB) and School Employee Benefits Board (SEBB) Program Impacts.

Indeterminate Fiscal Impact to the State.

Section 1(5) amends RCW 41.05.080 to waive the payment of premiums and any associated surcharges for medical, dental, or vision plans for the month of the death of a retiree, disabled, or separated employee covered under PEBB. Additionally, eligible surviving dependents will be automatically enrolled in the same medical, dental, or vision plan through their individual PEBB retiree accounts, effective from the first day of the month in which the death occurred. However, just as they do under current policy, these eligible surviving dependents will

HCA Fiscal Note

Bill Number: **HB 2481**
premiums in PEBB

HCA Request #: 24-109

Title: **Waiving health benefit**

bear the financial responsibility for the premiums and any associated surcharges for their plan coverage to continue.

Currently, the deceased retiree's coverage is terminated at the end of the month in which they passed away; the surviving spouse's and any dependents' enrollment and coverage are transferred to a new account, and effective the first of the month after the death. For the deceased retiree premiums and applicable surcharges for the entire month of death are required, as there is no proration of premiums. The surviving spouse and any dependents owe premium for their coverage for the month in which the death occurred and future months to maintain coverage.

The state will experience revenue loss for waiving medical, dental, and vision premiums and premium surcharges in the month of death for retirees, disabled, or separated employees.

Based on enrollment data from 2021 through 2023, the annual average number of deaths for retirees covered by PEBB Medical is approximately 3,000. This figure encompasses both Medicare and non-Medicare retirees. If retiree premiums are waived for the month of the member's death, the state is estimated to experience a reduction in revenue of approximately \$1.5 million per year. It's important to note that this reduction in revenue does not correspond to a decrease in overall expenditure associated with these members. It's unknown the actual number of retirees whose premium would be waived, and which plans these retirees would be enrolled in and therefore it is unknown what the actual loss of revenue per year will be.

Medicaid Impacts

No fiscal impact.

No impacts on the Medicaid lines of business because this legislation places the requirements under RCW 41.05.

Part III: Expenditure Detail

III. A - Operating Budget Expenditure

NONE

HCA Fiscal Note

Bill Number: **HB 2481**
premiums in PEBB

HCA Request #: 24-109

Title: **Waiving health benefit**

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout: Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

It will be necessary for the HCA to revise existing policies and administrative rules to implement this bill. However, changes resulting from this legislation can be accounted for in the existing planned rule-making activities for the PEBB Program.

Individual State Agency Fiscal Note

Bill Number: 2481 HB	Title: PEBB/month of death	Agency: 124-Department of Retirement Systems
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: David Pringle	Phone: 360-786-7310	Date: 01/29/2024
Agency Preparation: Mike Ricchio	Phone: 360-664-7227	Date: 01/30/2024
Agency Approval: Mark Feldhausen	Phone: 360-664-7194	Date: 01/30/2024
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 01/30/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

This bill amends RCW 41.05.080 by inserting the following language:

“(5) When a person described in subsection (1)(a)(i), (b), or (c) of this section dies, the authority shall waive the payment of the decedent's premiums and any applicable premium surcharges for the medical, dental, or vision plan for the month in which the death occurred. The authority shall enroll any eligible surviving dependents in the same medical, dental, or vision plan that they had been enrolled in, which shall be made effective on the first day of the month in which the death occurred, and the eligible surviving dependent shall be responsible for the payment of premiums and any applicable premium surcharges for themselves and any other eligible dependents.”

This change in process at the Health Care Authority (HCA) does not have a cost impact on the Department of Retirement Systems (DRS).

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 2481 HB	Title: PEBB/month of death	Agency: AFN-Actuarial Fiscal Note - State Actuary
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
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- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: David Pringle	Phone: 360-786-7310	Date: 01/29/2024
Agency Preparation: Melinda Aslakson	Phone: 360-786-6161	Date: 01/31/2024
Agency Approval: Michael Harbour	Phone: 360-786-6151	Date: 01/31/2024
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 02/01/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

This bill impacts members of the Public Employees Benefits Board (PEBB) who participate in their plans as a retiree or survivor. Specifically, the Health Care Authority (HCA) shall waive the premium payment in the month of death for each subscriber under this bill. HCA shall also enroll any eligible dependents in the same healthcare plans upon the death of the member; these individuals would then be responsible for paying the premiums prospectively.

Under this bill, premiums for the PEBB plans could change to offset the reduced premium revenue in the month of death and the expanded coverage provided to eligible survivors. (This determination would be made by the healthcare actuaries for these medical plans.) As a result, Other Postemployment Benefits (OPEB) obligations could change for the state and certain local governments. This would be captured through a change in the Total OPEB Liability (TOL) as required under the Governmental Accounting Standards Board Statement No. 75 and disclosed in their annual financial reports. Since actuarial fiscal notes from the Office of the State Actuary only capture pension impacts, we did not quantify the potential change in TOL. For further details, please see our 2022 PEBB OPEB Actuarial Valuation Report: <https://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx>.

For surviving spouses of duty-related deaths in WSPRS and LEOFF 2, the retirement plan reimburses PEBB premiums for the remainder of their lifetime. Under this bill, the premium waived in the month of death is no-longer reimbursed by the pension systems. An indeterminate cost or savings to WSPRS and LEOFF 2 could emerge as a result, depending on any changes in PEBB premiums and the amount of premium that would not be reimbursed in the month of death. Given these benefits represent less than 0.5% of system liabilities, we do not anticipate any impact to rounded contribution rates under this bill. For further details, please see our 2022 Actuarial Valuation Report: <https://leg.wa.gov/osa/pensionfunding/Pages/Valuations.aspx>.

We believe the assumptions and methods selected for this pricing exercise are reasonable and in conformity with current Actuarial Standards of Practice. We prepared this analysis to support deliberations during the 2023 Legislative Session – it may not be appropriate for other purposes. Michael T. Harbour (ASA, MAAA) served as the responsible actuary for this analysis and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions herein; he is available for questions.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.